



**Single Audit Act  
June 30, 2016**

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Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With *Government Auditing Standards*

City Council  
City of Sanford  
Sanford, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, its major fund, and the aggregate remaining fund information of City of Sanford, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise City of Sanford's basic financial statements, and have issued our report thereon, dated December 13, 2016.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Sanford's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Sanford's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Macpage LLC*

South Portland, Maine  
December 13, 2016

Independent Auditors' Report on Compliance For Each Major Federal Program and  
Report on Internal Control Over Compliance and Report on the Schedule of  
Expenditures of Federal Awards Required by the Uniform Guidance

City Council  
City of Sanford  
Sanford, Maine

## **Report on Compliance for Each Major Federal Program**

We have audited City of Sanford's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Sanford's major federal programs for the year ended June 30, 2016. City of Sanford's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

## **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

## **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Sanford's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Sanford's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Sanford's compliance.

## **Opinion on Each Major Program**

In our opinion, the City of Sanford complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.



## **Report on Internal Control over Compliance**

Management of City of Sanford is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Sanford's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Sanford's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, its major fund, and the aggregate remaining fund information of City of Sanford, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise City of Sanford's basic financial statements. We issued our report thereon, dated December 13, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Macpage LLC*

South Portland, Maine  
December 13, 2016

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. Department of Education</b>				
<u>Pass-Through State of Maine Department of Education</u>				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies - Disadvantaged	84.010	013-3107	937,700	
Total Title I, Part A Cluster			<u>937,700</u>	
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027	013-3046	924,882	
Special Education - Preschool Grants	84.173	013-6247	20,294	
Total Special Education Cluster (IDEA)			<u>945,176</u>	
Improving Teacher Quality State Grants	84.367	013-3042	191,860	
Adult Education - Basic Grants to States	84.002	013-6296	47,460	
Twenty-First Century Community Learning Centers	84.287	013-3356	162,500	
Career and Technical Education -- Basic Grants to States	84.048	013-3030	159,166	
Preschool Development Grant	84.419	13-7145	<u>639,878</u>	
Total Pass-Through State of Maine Department of Education			<u>3,083,740</u>	
<b>Total U.S. Department of Education</b>			<u>3,083,740</u>	
<b>U.S. Department of Justice</b>				
<u>Direct Programs</u>				
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	16.804	N/A	<u>7,061</u>	
<b>Total U.S. Department of Justice</b>			<u>7,061</u>	
<b>U.S. Department of Housing and Urban Development</b>				
<u>Passed through the Maine Department of Economic and Community</u>				
Community Development Block Grants/Entitlement Grants - Workforce Development	14.228	N/A	12,000	
MEA Grant	14.228	N/A	<u>52,001</u>	
<b>Total U.S. Department of Housing and Urban Development</b>			<u>64,001</u>	

See accompanying independent auditor's report on schedule of expenditures of federal awards.  
The accompany notes are integral part of this schedule.

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. Environmental Protection Agency</b>				
<u>Direct Programs</u>				
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.818	N/A	53,340	
Mill Cleanup	66.818	N/A	<u>34,099</u>	
<b>Total U.S. Environmental Protection Agency</b>			<u>87,439</u>	
<b>U.S. Department of Homeland Security</b>				
<u>Passed through the Maine Emergency Management Agency:</u>				
FEMA 4208 DR ME	97.036	N/A	<u>58,917</u>	
<b>Total U.S. Department of Homeland Security</b>			<u>58,917</u>	
<b>U.S. Department of Agriculture:</b>				
<u>Passed through the Maine Department of Education:</u>				
Child Nutrition Cluster				
School Breakfast Program	10.553	013-3014	218,538	
National School Lunch Program	10.555	013-3020	12,148	
National School Lunch Program	10.555	013-3022	96,564	
National School Lunch Program	10.555	013-3024	616,069	
Summer Food Service Program for Children	10.559	013-3016	54,240	
Summer Food Service Program for Children	10.559	013-3018	<u>5,609</u>	
Total Child Nutrition Cluster			<u>1,003,168</u>	
Food Distribution Cluster				
Commodity Supplemental Food Program	10.565	013-6134	<u>34,281</u>	
Total Food Distribution Cluster			<u>34,281</u>	
State Administrative Expenses for Child Nutrition	10.560	013-3125	18,690	
Fresh Fruit and Vegetable Program	10.582	013-3028	<u>56,295</u>	
<b>Total U.S. Department of Agriculture</b>			<u>1,112,434</u>	
<b>Total Federal Awards</b>			<u>\$ 4,413,592</u>	<u>\$ 0</u>

See accompanying independent auditor's report on schedule of expenditures of federal awards. The accompany notes are integral part of this schedule.

## Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

### NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Sanford under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the City of Sanford, it is not intended to and does not present the financial position of the governmental activities, the discretely presented component unit, and the major fund of the City, as of June 30, 2016, and respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) City of Sanford has not elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

### NOTE 3 – PROGRAM NOTES

#### Commodity Supplemental Food Program (CFDA 10.565)

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities consumed. At June 30, 2016, the School Department had food commodities totaling \$18,854 in inventory.

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

### Section I Summary of Auditors' Results

#### Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:  
Material weakness(es) identified? \_\_\_\_\_ Yes  No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  No

#### Federal Awards

Internal control over major programs:  
Material weakness(es) identified? \_\_\_\_\_ Yes  No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes  None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance? \_\_\_\_\_ Yes  No

#### Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes \_\_\_\_\_ No

### Section II Financial Statement Findings

No matters are reportable for the year ended June 30, 2016.

### Section III Federal Award Findings

No matters are reportable for the year ended June 30, 2016.

## Summary Schedule of Prior Audit Findings

Year Ended June 30, 2016

### Federal Award Findings and Questioned Costs

**2015-001**      **U.S. Department of Education, for the period July 1, 2014 to June 30, 2015, CFDA # 84.010, Title I, Part A Cluster**

**Condition:**

The OMB A-87 requirements concerning payroll documentation for grant expenditures were not fulfilled.

**Recommendation:**

The School Department should ensure that all timesheets for hourly employees are approved by a supervisory official. While we understand that this does not always happen in an effort to process payroll timely, an employee should be responsible for making sure that these timesheets are approved within a reasonable amount of time after payroll is processed and payment is made.

**Status:**

Corrective action was taken and the finding was not repeated in the current year.

**2015-002**      **U.S. Department of Education, for the period July 1, 2014 to June 30, 2015, CFDA #s 84.027, 84.173, Special Education Cluster**

**Condition:**

The OMB A-87 requirement concerning payroll documentation for grant expenditures were not fulfilled.

**Recommendation:**

The School Department should ensure that timesheets are prepared by all hourly employees and are approved by a supervisory official. While we understand that this does not always happen in an effort to process payroll timely, an employee should be responsible for making sure that these timesheets are prepared within a reasonable amount of time after payroll is processed and payment is made.

**Status:**

Corrective action was taken and the finding was not repeated in the current year.